

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-347-C - ORDER NO. 93-842 ✓
SEPTEMBER 8, 1993

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| IN RE: Request of Southern Bell Telephone & |) | ORDER |
| Telegraph Company for Revisions to its |) | GRANTING |
| Access Service Tariff to Eliminate the |) | REQUEST |
| Time-of-Day Discounts for FGD Switched |) | |
| Access Service and to Reduce other |) | |
| Switched Access Rate Elements. |) | |

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the May 13, 1993 request of Southern Bell Telephone & Telegraph Company (Southern Bell or the Company) which seeks approval of revisions to its Access Service Tariff. The purpose of this filing is to eliminate the time-of-day discounts for originating and terminating Feature Group D (FGD) Switched Access Service. The additional revenue realized from eliminating the time-of-day discounts would be used to reduce the local transport rates to the current interstate levels and to reduce local switching rates. Also, the information surcharge is being increased to the interstate level with the realized increased revenues being used to reduce further the local switching rates. The Company's request was filed pursuant to S.C. Code Ann. §58-9-520 (1976), as amended, and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Southern Bell

to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Southern Bell's Application in a manner and time in which to file the appropriate pleadings for participation in the proceedings. Southern Bell complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate).

A hearing was commenced on August 4, 1993 at 10:30 a.m. in the Commission's Hearing Room. The Honorable Henry G. Yonce, presided. Harry M. Lightsey, III, Esquire, represented Southern Bell; Elliott F. Elam, Jr., Esquire, represented the Consumer Advocate; and F. David Butler, General Counsel, represented the Commission Staff.

Southern Bell presented the testimony of Jerry D. Hendrix, Staff Manager for Regulatory and External Affairs for the Company. Hendrix noted that time-of-day discounts were ordered in Docket No. 82-134-C, Order No. 86-584. In that Order, this Commission stated that time-of-day sensitive access charges should be in the form of a 25% discount in the evening period on all the components of access charges proposed and/or approved in the original proceeding, and the 50% discount in the night and weekend periods on all components and the access charges proposed and/or approved in the original proceeding.

Southern Bell, in this proceeding, proposes to eliminate the time-of-day discounts for FGD Switched Access for several reasons. First, Southern Bell states that time-of-day discounts were ordered to ensure that the interexchange carriers (IXCs) did not pay more in switched access than they received in toll revenue. Second, Hendrix noted that having time-of-day discounts provides little if any impact on the evening and night/weekend toll rates charged by the IXCs to end-users. Third, the Company states that eliminating time-of-day discounts will help lessen the threat of uneconomic bypass for Southern Bell's most competitive area of business. Fourth, the Company alleges that the existing time-of-day discounts distort comparisons made by various IXCs and business customers in addressing the level of access charges in South Carolina. The Company alleges that this distortion could affect a business customer's decision to locate in South Carolina. Fifth, Hendrix alleges that time-of-day discounts are not offered on switched access in the interstate jurisdiction where the majority of traffic is carried. Sixth, the Company notes that on October 16, 1992, the Federal Communications Commission (FCC) released its Report and Order, which adopted an interim Switched Access Transport Rate Structure, replacing the current Equal Charge Rate Structure, to be effective for two years, beginning on November 1, 1993. This rate structure, according to the Company, is intended to move Switched Access Transport Charges towards a structure which more closely reflects the way transport service is provided in preparation for transport competition via collocation.

In its Order, according to Southern Bell, the FCC mandated the adoption of Special Access Rate Structure, which require certain rate elements to be flat rated. According to the Company, Special Access Rates are not time-of-day sensitive. Seventh, Southern Bell believes the time-of-day discounts should be eliminated since elimination would bring Southern Bell closer to structural parity with the interstate jurisdiction and the 7 other BellSouth states, where there are no time-of-day discounts.

It should be noted that the Commission denied the request for elimination of time-of-day discounts in Docket No. 91-532-C, Order No. 92-67, dated January 27, 1992. In that Order, the Commission rejected the first 5 reasons given by Southern Bell for removal of the discounts, based on the testimony of Consumer Advocate witness Allen G. Buckalew. Although Buckalew did not testify in the present proceeding, we adopt the reasoning stated in Order No. 92-67, in rejecting Southern Bell's first five reasons above for elimination of time-of-day discounts.

However, it should further be noted that since Order No. 92-67 was published on January 27, 1992, the FCC released its Order and Report on October 16, 1992, which adopted an interim Switched Access Transport Rate Structure. As stated, the FCC mandated the adoption of the Special Access Rate Structure, which requires certain rate elements to be flat-rated. Southern Bell states, and we believe, that Special Access Rates are not time-of-day sensitive. Therefore, time-of-day discounts cause difficulty in complying with the FCC Order. The Commission

further believes that Southern Bell should be closer to structural parity with the interstate jurisdiction and the 7 other BellSouth states, where there are no time-of-day discounts. Also, as Hendrix stated, in his testimony, the expected revenue impact of eliminating time-of-day discounts would be essentially neutral.

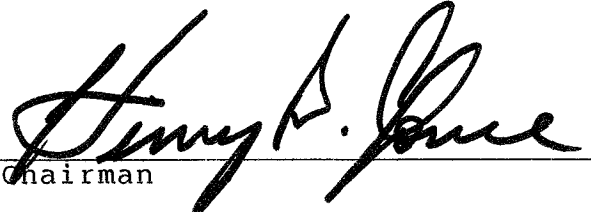
Upon examination of this matter, this Commission believes that the FCC mandate for adoption of Special Access Rate Structure mandates the opposite result from our Order No. 92-67. We believe that time-of-day discounts should, therefore, be eliminated, so that the Company can more easily comply with the FCC mandate. Also, this Commission believes that the other switched access rate elements should be reduced, as proposed by the Company. Further, the Commission believes that the elimination of time-of-day discounts should not impact toll rates charged by IXC's to the ratepayers of this state.

IT IS THEREFORE ORDERED THAT:

1. That the Southern Bell proposal for elimination of time-of-day discounts for originating and terminating Feature Group D Switched Access Service and to reduce other switched access rate elements is hereby adopted as filed, effective September 1, 1993.

2. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)